

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 2863 - HB 3002**

February 8, 2010

**SUMMARY OF BILL:** Adds the definitions of “extra-contractual claims,” “health insurance benefits,” “owner,” “principal place of business,” “structured settlement annuity,” and “state,” to the Tennessee Life and Health Insurance Guaranty Association Act. Effective January 1, 2011, increases, from \$100,000 to \$300,000, the limitation of the association’s liability for health insurance benefits for companies that becomes insolvent and requires the association to maintain accounts for life insurance, annuities, and health insurance. Limits the association’s liability for any one owner of multiple non-group life insurance policies to a \$5 million aggregate total. Prohibits coverage by the Tennessee association for those people covered by the guaranty association of another state. Authorizes coverage for persons who are residents of Tennessee, or, if the payee is a non-resident, either the contract owner or the issuer of the annuity is domiciled in Tennessee, or lives in a state that has an association but they are not eligible for coverage by that association. Prohibits coverage for portions of policies that provide benefits under Medicare parts C and D. Authorizes the commission to intervene in receivership proceedings involving an impaired or insolvent insurer when the association may become obligated.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – Not Significant**

Assumption:

- According to the Department of Commerce and Insurance, general oversight of the Guaranty Association falls within the duties of the Department; however, any cost can be accommodated within existing resources without an increased appropriation or reduced reversion.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized initial "J".

James W. White, Executive Director

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